



U.S. Small Business Administration Response to Gulf Coast Hurricanes

The SBA is the Federal Government's bank for long-term recovery for *non-farm*, private sector losses not fully compensated by insurance or other sources.

- The SBA offers low-interest, long-term loans to homeowners, renters, businesses of all sizes and private non-profit organizations for their disaster-related losses.
- For home and personal property Losses, loans are available to homeowners for uninsured losses up to \$200,000 to repair/replace their primary residence, and up to \$40,000 for personal property losses. Renters are also eligible for personal property loans.
- Business Physical Disaster Loans are available for uninsured losses up to \$1.5 million to repair/replace property to its pre-disaster condition. Loans can be used to repair/replace real estate damage, inventory, and equipment.
- Economic Injury Disaster Loans are limited-purpose working capital loans available to small businesses in a disaster area that sustained economic injury as a direct result of the disaster. Small businesses may borrow up to \$1.5 million to pay ordinary and necessary operating expenses which would have been met had the disaster not occurred.
- The current maximum aggregate loan amounts for any business and its affiliates is \$1.5 million. More information on SBA disaster loan programs can be found at: www.sba.gov/disaster_recov/index.html.

By the Numbers

- As of 10/14/05 the SBA has approved \$87,044,500 in disaster loans to 1,343 individuals and businesses in the Gulf region.
- Of those, \$81,832,000 in disaster loans has been approved to 1,274 homeowners and renters in the region.
- 50 Business Physical Disaster loans have been approved for \$3,633,000. 19 Economic Injury Disaster Loans have been approved for \$1,579,500.

The SBA is on the ground with homeowners and businesses working to advance recovery and reconstruction efforts.

- Over 3,000 SBA Office of Disaster Assistance (ODA) employees are working to advance the Hurricane Katrina relief effort.
- SBA may hire as many as 1,200 additional ODA employees to meet the needs of those affected.
- ODA employees are in over 60 disaster recovery centers, with more opening up daily.
- SBA plans to establish a Business Assistance Center in the New Orleans area. A number of other such centers have already been established in other locations in Louisiana and in other states to assist businesses with disaster recovery from the effects of Hurricanes Katrina and Rita.
- Administrator Barreto has visited the disaster recovery center staff and displaced New Orleans District Office staff in Baton Rouge, as well as the Disaster Loan Processing and Disbursement Center in Ft. Worth and the battered Gulf Coast Region.



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- For SBA borrowers in the Katrina disaster areas with outstanding 7(a), 504, Micro and/or Disaster loans that are serviced by SBA, an automatic 12 month deferral of principal and interest payments is being given. For those loans serviced by SBA's lending partners, the lenders are being strongly encouraged to provide similar deferment relief.

SBA District and Branch offices are up and running and heavily involved in the disaster response team's work.

- SBA employees from the Mississippi Branch office in Gulfport have temporarily relocated. They are fielding disaster information calls and assisting other disaster agencies.
- The Louisiana district office in New Orleans has been closed since Hurricane Katrina struck. It could be weeks or months before employees of that office are able to return to their building. Sadly, one of our employees is still missing. The majority of the other employees have suffered severe losses to their homes and automobiles. However, most of the employees have temporarily relocated to other SBA district offices, the Louisiana Department of Economic Development and various other sites. Other districts are now handling loan processing for Louisiana.

The SBA has taken action to help ensure small businesses get a fair share of Hurricane Katrina and Hurricane Rita clean up and reconstruction contracts.

- The Department of Commerce announced the launch of the Hurricane Contracting Information Center (HCIC) that will help U.S. businesses, especially minority, women and small businesses participate in the Gulf Coast rebuilding efforts. The HCIC also includes a call center (**1-888-4USADOC or 1-888-487-2362**) with representatives from different government agencies onsite to provide information on rebuilding opportunities.
- Five procurement center representatives (PCRs) have been assigned to work with FEMA to find relief and reconstruction contracts and subcontracting opportunities for area firms.
- All other PCRs across the country have been directed to search for small business contracts for area firms.
- The SBA is coordinating small business contracting efforts with Agencies in various ways including through the Offices of Small Disadvantaged Business Utilization.
- The SBA extended the geographical boundaries of the Department of the Army, Louisiana Recovery Field Office Corps of Engineers construction requirement for roofing repairs in the State of Louisiana to include 8(a) program participants with a bona fide place of business in contiguous states affected by Hurricanes Katrina and Rita. Three (3) contract awards are anticipated for a combined total of \$150 million.
- The SBA extended the geographical boundaries for the Department of the Army, New Orleans District Corps of Engineers construction requirement for levee repair in the State of Louisiana to include 8(a) program participants with a bona fide place of business in contiguous states affected by Hurricanes Katrina and Rita. The estimated dollar value is \$10 million.
- Within its authority, the SBA approved a General Services Administration/Federal Emergency Management Agency request to conduct an "urgent and compelling" sole source 8(a) requirement



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above the competitive threshold for the purpose of shipping mobile showers and laundry units to the Gulf of Mississippi. The estimated dollar value is \$3.2 million.

- The SBA delayed the scheduled fee increase in the Surety Bond Guaranty Program for six months from October 1, 2005 to April 3, 2006 to assist small contractors needing bonds to participate in the rebuilding of the Gulf Coast area.

The SBA is working with agencies across the Federal Government to reduce red tape for small business.

- SBA has simplified documentation requirements for Business Disaster Loans
- Responding to the issues faced by business owners who lost important documents in the aftermath of Hurricanes Katrina and Rita, the SBA has relaxed some of its disaster loan filing requirements to expedite the processing of these loans.
- The SBA will now waive the usual requirement of the submission of tax returns from the last three years. Business owners will also now be able to file a disaster loan application without providing a monthly sales analysis for the last three years.
- In recognition of Hurricane Katrina's and Hurricane Rita's impact on regulatory compliance activities, several government agencies are adopting flexible enforcement measures to accommodate businesses, large and small, in the Gulf Region.
- Additional flexibility on how regulatory requirements are imposed, enforced, and interpreted will be part of the Federal government's rebuilding efforts.
- SBA's Office of Advocacy is maintaining a list of regulatory flexibilities to help educate small business trade and industry representatives, policy officials, and small businesses on compliance flexibility in the Gulf Region.
- The list and hyper-links to responsible agencies is maintained at www.sba.gov/advo and will be continually updated.
- On-site reviews of lenders in the affected areas have been temporarily suspended.

The SBA has accelerated the Office of Disaster Assistance transformation to better meet the needs of disaster victims, coordinate with our partners, and increase efficiency.

- The SBA's Buffalo Disaster Area Office has become the **Customer Service Call Center**. Disaster victims nationwide can call **1-800-659-2955** to get information.
- To streamline the application process, disaster loan applications will now be handled in one location -- Fort Worth, TX with back-up processing in Sacramento.
- During the last year the SBA implemented a new computer system that allows for the electronic processing of case files and automated review of business rules, which is expected to significantly improve processing time of small business and home loans.
- The SBA plans to cross-train Customer Service hires for Call Center operations as well as field deployment; they will be placed where needed.



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- ODA has 1000 computerized, portable DCMS verification “tablets” to meet the demands of regular and on-going disaster activity, including the immediate response to Hurricanes Katrina and Rita.

The SBA is working with our partners to assist Hurricanes Katrina and Rita recovery and relief efforts.

- The SBA has authorized certain Small Business Development Centers (SBDCs) from outside the disaster area to allow their counselors to aid small businesses in the disaster areas.
- The SBDC in Mississippi has opened an emergency information center on the campus of the University of Mississippi in Oxford. The center has also mobilized five recreational vehicles to serve as mobile offices.
- SCORE has approximately 44 on-line volunteer counselors who have expertise in disaster recovery that are available to advise small businesses.
- The SBA has met with the Red Cross and over 40 trade groups and businesses to share information on Hurricane Katrina relief efforts.
- The SBA is anticipating conducting Business Matchmaking events in the Gulf Coast region soon. More information will be available in the coming weeks.
- SBA has identified all SBIC portfolio companies in the states affected by Hurricanes Katrina and Rita and are working with the SBICs to identify the ones that have had disruptions in operations. The SBA will take into consideration any disruptions in operations during its financial oversight evaluations of SBICs.
- SCORE issued a press release entitled “Take Steps Now to Plan for and Recover from a Disaster – in the wake of Katrina.” SCORE counselors offer a five-step proactive small business approach to managing the impact from disasters.
- The Atlanta SCORE chapter is helping Gulf Coast entrepreneurs by providing 7-day-a-week business counseling at three major evacuee centers outside Atlanta. Many other chapters, including the Mobile and Baton Rouge SCORE chapters, have increased their services.
- The SCORE homepage provides several important links for small business owners affected by Hurricane Katrina. These include SBA Disaster Loan Assistance, the Federal Emergency Management Agency Application for Assistance, and Ask SCORE Online Business Advice. For more information, please see www.score.org/.
- Every SCORE Chapter has received print ads that describe how SCORE can help small businesses recover from this disaster.

SBA Is Providing the Public Disaster Relief and Reconstruction Information

- In an effort to provide information regarding the agency’s disaster assistance programs, the SBA is conducting wide-ranging press activities including issuing press releases at the national and local levels, disseminating public service announcements (PSAs), making information available through various media channels including the Web, and conducting interviews and fielding press inquiries.



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- SBA has produced and made available audio and video PSAs for those impacted by Hurricanes Katrina and Rita. The PSAs are available for listening, viewing and downloading at www.sba.gov/disaster.
- SBA is making available a podcast interview of Herbert Mitchell, director of the Office of Disaster Assistance on the agency's disaster assistance program.
- SBA has also prepared print PSAs that are available for download. These PSAs may be found at www.sba.gov/disasterassistancepsas.html.
- SBA has printed 1 million pieces of easy-to-read informational material describing the SBA disaster programs that are being distributed in the affected areas.